

Message Text

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ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 L-03 SS-15 /042 R

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L/ARA - MR. GANTZ

ARA - MR. LUERS

ARA:NC - MR. SONANDRES

C - MR. SONANDRES

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R 021649Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

UNCLAS STATE 000684

E.O. 11652:N/A

TAGS:EINV

SUBJECT:OPIC INSURANCE - CONSTRUCTION PROGRAM - FOREIGN
GOVERNMENT APPROVAL (FGA)

1. OPIC HAS RECEIVED AN INQUIRY FROM DRESSER INDUSTRIES REGARDING INSURANCE OF ITS RIGHTS UNDER AN OILWELL SERVICE CONTRACT WITH THE GOVERNMENT OF VENEZUELA (ACTING THROUGH CORPORACION VENEZOLANA DEL PETROLEO) UNDER OPIC'S SPECIAL CONSTRUCTION INSURANCE PROGRAM. BECAUSE THE CONTRACT DOES NOT REQUIRE THE ESTABLISHMENT OF AN "ENTERPRISE" WITHIN THE MEANING OF THE ANDEAN CODE, AND BECAUSE THE INVESTMENT CONSISTS OF A CONTRACTUAL OBLIGATION RATHER THAN AN INVESTMENT WITH A CONTINUING PRESENCE OF INDETERMINATE LENGTH, OPIC IS PREPARED TO OFFER INSURANCE ON THE CONTRACT RIGHTS, SUBJECT TO THE APPROVAL OF THE VENEZUALAN GOVERNMENT.

2. ACCORDING TO OUR LATEST INSTRUCTIONS (DATED MAY 22,
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1972), APPLICATIONS FOR FOREIGN GOVERNMENT APPROVAL SHOULD

BE OBTAINED BY THE INVESTOR FROM THE ECONOMIC COUNSELOR AT THE VENEZUELAN EMBASSY, WASHINGTON, AND FILED WITH DIRRECCION DE INDUSTRIAS, DIVISION DE PROYECTOS, MINISTERIO DE FOMENTO, EDIFICIO SUR, CENTRO SIMON BOLIVAR, CARACAS, VENEZUELA, WITH A COPY TO THE COMMERCIAL OFFICER, AMERICAN

EMBASSY, CARACAS.

3. RATHER THAN GIVING A DIRECT APPROVAL, GOV HAS SIMPLY BEEN INDICATING "NO OBJECTION" TO OPIC'S INSURING THE INVESTMENT IN QUESTION.

4. REQUEST EMBASSY EITHER CONFIRM THAT FGA PROCEDURE REMAINS UNCHANGED OR ADVISE OPIC HOW IT SHOULD INSTRUCT INVESTOR TO PROCEED.

5. WHILE NORMAL PROCEDURE REQUIRES AN INVESTOR TO REQUEST AND OBTAIN FOREIGN GOVERNMENT APPROVAL ON AN INDIVIDUAL BASIS FROM A SPECIFIED HOST GOVERNMENT OFFICIAL, OPIC HAS ENTERED INTO ARRANGEMENTS WITH SOME 46 COUNTRIES BY WHICH THE SIGNATURE OF A HOST GOVERNMENT AGENCY ON A CONTRACT BETWEEN THAT AGENCY AND A U. S. CONTRACTOR WILL CONSTITUTE THE AUTOMATIC APPROVAL OF THE HOST GOVERNMENT FOR THE ISSUANCE OF OPIC INSURANCE TO THE U. S. CONTRACTOR ON HIS RIGHTS UNDER THE CONTRACT. NO FURTHER HOST GOVERNMENT APPROVALS ARE REQUIRED FOR THE ISSUANCE OF INSURANCE. OPIC WOULD APPRECIATE EMBASSY OPINION AS TO DESIREABILITY OF OPENING DISCUSSIONS WITH GOV AT THIS TIME RE POSSIBILITY OF INSTITUTING AUTOMATIC APPROVAL PROCEDURE IN VENEZUELA.

6. FYI CONTRACT COULD RUN AS MUCH AS 5 MILLION DOLLARS PLUS 2.5 MILLION DOLLARS IN EQUIPMENT. END FYI. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, INSURANCE, PROGRAMS (PROJECTS), OIL FIELDS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE000684
Document Source: CORE
Document Unique ID: 00
Drafter: BTMANSBACH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760001-0683
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760189/aaaadbod.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: castelsl
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2004 by barnescd>; APPROVED <12 AUG 2004 by castelsl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PIC INSURANCE - CONSTRUCTION PROGRAM - FOREIGN GOVERNMENT APPROVAL (FGA)
TAGS: EINV, ENRG, OPIC
To: CARACAS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006